



BURY COLLEGE FURTHER EDUCATION CORPORATION

MINUTES OF THE AUDIT COMMITTEE MEETING HELD VIA ZOOM ON TUESDAY, 23rd NOVEMBER 2021

Meeting Commenced: 1.00 p.m.
Meeting Closed: 1.45 p.m.

Present:

Liaqat Ali	Independent Corporation Member - Chair
Peter Bury	Independent Corporation Member
Anne Holt	Business Support Staff Corporation Member
Phil Johnson	Independent Corporation Member
Danny Weidenbaum	Co-opted Committee Member

In Attendance:

Patrick Drever	Grant Thornton
Mick Frankish	Grant Thornton
Andrew Harrison	Deputy Principal Finance and Corporate Services
Gill Mangnall	Head of Finance
Peter Ryan	Clerk to the Corporation
Becky Tootell	Deputy Principal Curriculum, Quality and Standards
Louise Tweedie	RSM

AC21/22.01	<u>APOLOGIES FOR ABSENCE (AGENDA ITEM 1)</u>
	There were no apologies for absence.
AC21/22.02	<u>DECLARATIONS OF INTEREST (AGENDA ITEM 2)</u>
	There were no other declarations of interest in relation to any of the items on the Agenda for the meeting.
AC21/22.03	<u>STANDING ITEM – Meeting between Auditors and the Audit Committee (AGENDA ITEM 3)</u>
	The Audit Committee agreed that there was no reason to meet with the Auditors to the exclusion of College Management.
AC21/22.04	<u>MINUTES (AGENDA ITEM 4)</u>
	The Minutes of the Audit Committee meeting held on 15 th June 2021 were approved and signed as a true and correct record.
AC21/22.05	<u>MATTERS ARISING (AGENDA ITEM 5)</u>
	The Clerk presented the Matters Arising Report and advised the Committee that all agreed actions had been implemented.
	It was Resolved that the contents of the report and management actions implemented should be noted.
AC21/22.06	<u>INTERNAL AUDITORS (AGENDA ITEM 6)</u>
	<u>a) Internal Audit Annual Report 2020/21</u>
	Louise Tweedie, RSM presented the final version of the RSM Internal Audit Service Annual Report and Opinion for 2020/21 and confirmed the Audit Opinion as, "The organisation has an adequate and effective framework for risk management, governance and internal control".

	To inform the Governance opinion for 2020/21, RSM had taken into consideration the governance related elements of each of the assignment reviews undertaken as part of the 2020/21 internal audit plan. The Governance opinion was also informed by RSM's attendance at meetings of the Audit Committee throughout the year.
	It was Resolved that the contents of the report should be noted.
	<i>b) Internal Audit Progress Report 2021/22</i>
	Louise Tweedie, RSM introduced the report and confirmed that the Internal Audit Plan for 2021/22 had been agreed by the Corporation in July 2021. There had been no substantive changes to the assignments included in the 2021/22 internal audit plan, however, a change had been made to the timing of the IT Cyber Security Controls review – the assignment was originally scheduled for November 2021, but would now be undertaken in February 2022. In addition, RSM had recently issued the following briefings and updates: <ul style="list-style-type: none"> • Invitations to RSM's online NED Network events (these have included events relating to 'The Good Board' and 'Driving improvements through incentivisation'); • Invitation to RSM's Further Education VAT Roundtable event; • 'Employment Matters' updates, including an invitation to a panel discussion on future working; and • Funding/ILR Lessons Learnt flyer.
	It was Resolved that the contents of the report should be noted.
	<i>c) RSM Trading Name Update 1st November 2021</i>
	Louise Tweedie, RSM introduced the report and confirmed that from 1 st November 2021, the trading name of RSM Risk Assurance Services LLP had changed to RSM UK Risk Assurance Services LLP. Following a question, it was confirmed that this was just a change to RSM's registered name, the legal entity providing the services to the College was not changing.
	It was Resolved that the contents of the report should be noted.
AC21/22.07	<u>EXTERNAL AUDITORS (AGENDA ITEM 7)</u>
	<i>a) Updated External Audit Plan</i>
	The Director of Finance and Corporate Services confirmed that when the External Audit Plan had been agreed by the Corporation in June 2021, Members had noted that in previous years a key element of the audit approach for Revenue was the receipt of funding confirmations from the ESFA. This would not be provided for 2020/21 and work was ongoing to finalise the approach to this change in scope. Given that the extended audit work was due to start in October and the next Audit Committee was not scheduled until 23 rd November, the Corporation approved the updated Grant Thornton External Audit Plan 2020/21 on 19 th October 2021. Grant Thornton had now identified the additional audit work required and had updated the External Audit Plan. Grant Thornton had confirmed that, assuming robust College documentation, the estimate of additional audit time was 100 hours at an additional fee of £8,500 + VAT.
	It was Resolved that the contents of the report should be noted.
	<i>b) College Financial Statements and Regularity Audit Reports for the year ended 31st July 2021</i>
	The Deputy Principal Finance and Corporate Services advised the Committee that the Resources Committee had considered and agreed the financial aspects of the draft Members' Report and Financial Statements for Bury College at the meeting earlier in the day.

	The Audit Committee was being presented with a copy of the draft Financial Statements for information, to be read in conjunction with the Grant Thornton Audit Findings Report.
	It was Resolved that: a) The contents of the report should be noted; and b) The Financial Statements for year ended 31st July 2020 for Bury College be recommended to the Corporation for approval.
	<i>c) Grant Thornton Letter of Representation</i>
	The Deputy Principal Finance and Corporate Services confirmed that the Financial Statements and Regularity Auditors issue, as part of normal audit processes, a letter of representation which seeks to ensure that the Corporation can certify that it has supplied all information necessary for the auditors to conduct their work and reach their audit opinion. The Resources Committee had also considered and approved the financial aspects of the draft Letter of Representation for Bury College at the meeting earlier in the day.
	It was Resolved that: a) The contents of the report should be noted; and b) The Committee recommend to the Corporation that the Chair of the Corporation should sign the Letter of representation.
	<i>d) Grant Thornton Audit Findings for Bury College</i>
	Mick Frankish, confirmed that Grant Thornton's work was substantially complete subject to the completion of the following items: <ul style="list-style-type: none"> • Finalisation of procedures in respect of testing of student record data; • Final ESFA funding confirmation; • Testing of the going concern assessment; • Receipt of our tax team's reviews of VAT and finalisation of queries raised; • Completion of manager and partner reviews of the audit files; and • Partner review of final accounts and updated financial statement with queries resolved. Patrick Drever highlighted the following: <ul style="list-style-type: none"> • Revenue - In previous years a key element of the audit approach for revenue was the receipt of funding confirmations from the ESFA. However, earlier this year the ESFA announced that the confirmations would no longer be available for auditors to rely upon. Accordingly, with the assistance of the College, 105 student records had been reviewed with no errors being identified; • Management override of controls – No issues or deficiencies had been identified; • Going Concern – Ongoing work to be finalised; and • Pension Scheme Valuation – No material variations had been identified.
	It was Resolved that the contents of the report should be noted.
AC21/22.08	<u>OTHER AUDITS (AGENDA ITEM 8)</u>
	<i>a) Grant Thornton – Teachers' Pensions Report to the year-end 31st March 2021</i>
	Mick Frankish, Grant Thornton, presented the report and confirmed that no exceptions or errors had been identified.
	<i>b) ESFA - Assurance review of funding for COVID-19 skills recovery packages and T Level programmes</i>
	The Deputy Principal Finance and Corporate Services confirmed that ESFA had identified no funding errors during this review.
	It was Resolved that the contents of the reports should be noted.
	<i>Mick Frankish and Patrick Drever withdrew from the meeting at 1.20 p.m.</i>

AC21/22.09	MONITORING REPORTS (AGENDA ITEM 09)
	(a) Risk Management Register 2021/22
	<p>The Deputy Principal Finance and Resources confirmed that the College had continued with a more targeted risk management approach with a comprehensive College Risk Register with the same sections as the Strategic Plan. This risk assessment then identified the high risks which would be monitored throughout the year in the High-Risk Action Plan.</p> <p>The Leadership team had identified the same 10 High Risks with some modification. Covid-19 risk was less acute than at the start of last year but it still required concerted management time and dedicated resources to mitigate the risk of Covid-19 infection whilst providing good quality education. The threat of cyber-attacks continues to be a very high risk as attacks become more frequent and sophisticated.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The Risk Management Register is approved</p>
	(b) Risk Management Policy Update
	<p>The Deputy Principal Finance and Resources confirmed that the Risk Management Policy had been updated for changes of titles and to reflect the more targeted approach to monitor action to address high risks.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The Risk Management Policy be recommended to the Corporation for approval.</p>
	(c) Accuracy of Funding and Data Returns
	<p>The Deputy Principal Finance and Resources confirmed that the report detailed funding and data returns made in 2019/20 and to date and Members were assured that the College continued to have a good track record of accurate and timely funding and data returns.</p> <p>Following questions, it was confirmed that all 2020/21 returns had been completed timely and accurately. Additional checks on the Fee Remission Reasons for AEB funded learners were made to maximise full funding claimed and additional work by Grant Thornton as part of the audit of the Statutory Accounts identified no issues.</p>
	<p>It was Resolved that the contents of the report should be noted.</p>
	(d) Review of Financial Regulations
	<p>The Deputy Principal Finance & Corporate Services confirmed that the Financial Regulations had been updated and continued to include detailed guidance for staff on robust internal controls to prevent and manage fraud, irregularity, theft, bribery, corruption.</p>
	<p>It was Resolved that:</p> <p>a) The contents of the report should be noted; and b) The revised Financial Regulations be recommended to the Corporation for approval.</p>
	(e) Fraud Response Plan Update
	<p>The Deputy Principal Finance and Corporate Services confirmed that the Fraud Response Plan was originally incorporated into the Financial Regulations but was removed on Audit advice in case it benefited potential fraudsters. The Plan had been reviewed and no changes were recommended.</p>
	<p>It was Resolved that;</p> <p>a) The contents of the report should be noted; and</p>

	b) The Fraud response Plan is approved.
	(f) Fraud Log
	The Deputy Principal Finance and Corporate Services confirmed that the College Fraud Log was presented to the Audit Committee, in accordance with Bury College Anti-Fraud and Irregularity Policy. The Fraud Log recorded the nature of suspected/actual fraud/irregularity, actions taken to prevent reoccurrence and lessons learned.
	It was Resolved that the contents of the report should be noted.
	g) Gifts/Hospitality/Overseas Travel
	The Deputy Principal Finance and Corporate Services confirmed the following: Overseas Travel – there had been no business or student trips abroad since the first lockdown in March 2020. Gifts & Hospitality – The Gifts & Hospitality procedure (an Appendix to the Financial Regulations) was approved by Governors in November 2019. It has been reviewed for the November 2021 Audit Committee with a recommendation that no changes are required. No items have been declared so far in 2021/22.
	It was Resolved that the contents of the report should be noted.
	h) Audit Recommendations Monitoring Report Update
	The Clerk introduced the report and asked Members to consider and note the Audit Recommendations: Implementation Tracking Report, as at November 2021.
	It was Resolved that the contents of the report should be noted.
	i) Audit Committee Self-Assessment 2020/21
	The Clerk confirmed that the Self-Assessment provided evidence for the annual audit of the College's Financial Statements, in accordance with the Audit Code of Practice.
	It was Resolved that the contents of the report should be noted.
AC21/22.10	<u>AUDIT COMMITTEE ANNUAL REPORT 2020/21 (AGENDA ITEM 10)</u>
	The Clerk presented the Draft Audit Committee Annual Report for 2020/21 and drew attention to the statement of assurance to the Corporation Board and the Principal/CEO under the heading of "Audit Committee Opinion 2020/21" which was based on the reports received by the Committee during the year. Louise Tweedie suggested that given the contract values, the College should check that it was not required to obtain an annual report from an external auditor that provides assurance on their arrangements to manage and control their delivery subcontractors.
	It was Resolved that: a) The contents of the report should be noted; and b) The Audit Committee Annual Report 2020/21 is approved and should be signed by the Chair and submitted to the Corporation.
AC21/22.11	<u>POST MEETING EVALUATION (AGENDA ITEM 11)</u>
	The Clerk presented a summary of the post meeting evaluation responses from the meeting held on 15 th June 2021 and it was noted that the overall feedback was positive with no concerns having been highlighted.

	It was Resolved that the contents of the report should be noted.
AC21/22.12	ANY OTHER URGENT BUSINESS (AGENDA ITEM 12)
	The Deputy Principal Finance and Corporate Services referred Members to Section 5 within the Committee Annual report for 2020/21. This confirmed that there had been considerable External Audit fee drift over the past 2 years. He also relayed a telephone conversation that he had with the GT Audit Partner earlier in the day.
	It was Resolved that a recommendation be made to the Corporation to retender for External Audit Services commencing with the 2021/22 statutory accounts.
AC21/22.13	DATE AND TIME OF NEXT MEETING (AGENDA ITEM 13)
	<ul style="list-style-type: none"> • 1.00pm Tuesday, 8th March 2022 • 1.00pm Tuesday, 14th June 2022

There being no further discussion the meeting closed at 1.45 p.m.

Signed and approved as an accurate record of the meeting

Signature.....Date.....

Summary of Actions - Audit Committee 23 rd November 2021			
Item	Action	Person Responsible	Timescale
AC21/22.07 <i>(b) College Financial Statements and Regularity Audit Reports for the year ended 31st July 2021</i>	The Financial Statements for year ended 31 st July 2021 be recommended to the Corporation for approval.	Deputy Principal	14 th December 2021
<i>(b) Letter of Representation</i>	The Committee recommend to the Corporation that the Chair of the Corporation should sign the Letter of representation.	Deputy Principal	14 th December 2021
AC2021/22.09 <i>b) Risk Management Policy Update</i>	The Risk Management Policy be recommended to the Corporation for approval.	Deputy Principal	14 th December 2021
d) Financial Regulations	The revised Financial Regulations be recommended to the Corporation for approval	Deputy Principal	14 th December 2021
AC21/22.10 Audit Committee Annual Report 2020/21	The Audit Committee Annual Report 2020/21 is approved and should be signed by the Chair and submitted to the Corporation.	Clerk	14 th December 2021
AC21/22.12 AOB – External Audit Services	A recommendation be made to the Corporation to retender for External Audit Services commencing with the 2021/22 statutory accounts.	Deputy Principal	14 th December 2021